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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

NFAC #7407-81
16 November 1981

MEMORANDUM FOR: Director of Central Intelligence

FROM : Robert M. Gates
National Intelligence Officer for USSR-EE

SUBJECT : Agricultural Credits for Poland

25X1 1. On October 18, Poland asked the US for favorable financial terms in order to purchase \$740 million worth of agricultural commodities in FY 82 (Tab A). The US has deferred an answer until now but will have to make a decision by December 7 at the latest when Polish Vice-Premier Madej visits the US with the avowed intention of obtaining a reply (Tab B). ☐

2. The USG last discussed economic aid to Poland in September 1981. A poll of the intelligence community at that time revealed that there was a general consensus that any aid given should be in the form of food only. At a meeting on September 15, the NSC decided likewise and opted to give Poland \$50 million worth of food in FY 82 to be distributed through private organizations. In October the US made an additional \$31 million worth of food available through CCC credits. ☐ 25X1

3. At the time the NSC was making its September 15 decision, the USSR was exerting great political pressure on Kania and Jaruzelski to take action against Solidarity; the Polish regime seemed to be responding to that pressure by threatening the use of force if Solidarity insisted on pushing radical demands; and the Solidarity radicals who had dominated the first session of the Solidarity Congress appeared set to make greater gains at the second session in late September. Since then, the USSR has been somewhat mollified by the replacement of Kania by Jaruzelski as party secretary and seems willing to give Jaruzelski time to reimpose party control; Walesa has been confirmed as Solidarity's leader and has managed, although with recurring difficulties, to steer a moderate line. Jaruzelski has simultaneously tried to revive the party and to bring the country political stability through a wider sharing of governmental authority. The Jaruzelski-Walesa-Glomp meeting was an important step in that direction and will be followed this week by more detailed talks between the Union and the government. ☐ 25X1

4. In brief, the outlook for a continuation of the political pluralization process is better than it was two months ago. The process will continue to be

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marked by recurring crises, some brought about by party and Solidarity radicals and some stimulated by the Soviet Union. Its eventual outcome will be determined not only by political struggles but also by the economy -- in the short run by whether the population can be provided with enough supplies to prevent violent explosions, and in the long run by whether or not a successful economic reform is implemented. ☐

25X1

5. The changed political situation in Poland, specifically, the brighter prospects for continued pluralization under some sort of Front of National Accord, has led me to modify my views of September somewhat. I now think that the agriculture credits probably should be approved by the US if appropriately stringent terms can be negotiated. These should include acceptable repayment terms, provision of adequate information about distribution of the food, and continued negotiations with Western governmental and private creditors over refinancing arrangements and any additional forms of aid. The Polish authorities should be left in no doubt that the continuation of US assistance will be contingent upon adherence to the principle of creating a national consensus through peaceful means, and implementation of viable long-range economic reforms. ☐

25X1

6. I have believed for nearly a year that a Soviet military action against Poland was inevitable at some point. I now think there is a reasonable chance that can be avoided. Under these circumstances, our interests are best served by success of the Polish experiment -- which we may be able to nudge along with some financial help under tough terms. ☐

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Also, credit to buy agricultural commodities is generally consistent with our willingness to provide food aid.

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Robert M. Gates

Attachments: two

Tab A - Polish Official Request for US Food Aid

Tab B - Polish Ambassador's Views on Current Economic Situation and Status of Polish Request

cc: C/NIC
D/NFAC

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